

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02
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R 161735Z DEC 76
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4122
DEPARTMENT TREASURY
INFO AMEMBASSY BERN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
AMCONSUL FRANKFURT

UNCLAS BONN 21150

DEPARTMENT PASS FEDERAL RESERVE

E.O. 11652: N/A
TAGS: EFIN, GW
SUBJECT: BUNDESBANK ANNOUNCES AN 8 PERCENT GROWTH GOAL
FOR CENTRAL BANK MONEY IN 1977

1. IN THE PRESENCE OF STATE SECRETARY POEHL OF THE
FINANCE MINISTRY AND STATE SECRETARY SCHLECHT OF THE
ECONOMICS MINISTRY, THE CENTRAL BANK COUNCIL DECIDED
TODAY ON AN 8 PERCENT GROWTH GOAL (AVERAGE 1977 OVER
AVERAGE 1976) FOR CENTRAL BANK MONEY IN 1977. THE
BUNDESBANK NOTED THAT AT THE END OF 1976 CENTRAL BANK
MONEY WAS INCREASING AT A CONSIDERABLE PACE. THEREFORE,
IN ORDER TO ACHIEVE THE 8 PERCENT TARGET, THE
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GROWTH RATE OF CENTRAL BANK MONEY WILL HAVE TO
DECLINE IN 1977. THE BUNDESBANK CALCULATES THAT,
ASSUMING CENTRAL BANK MONEY WOULD INCREASE ON A
STRAIGHT LINE IN 1977, THE FOURTH QUARTER OF 1977
IT WOULD BE 6-7 PERCENT HIGHER THAN THE FOURTH
QUARTER OF 1976. THE BUNDESBANK, HOWEVER, RECOGNIZED

THAT IN THE SHORT RUN, A CONSTANT INCREASE IN
CENTRAL BANK MONEY CANNOT BE ACHIEVED.
STOESSEL

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Message Attributes

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